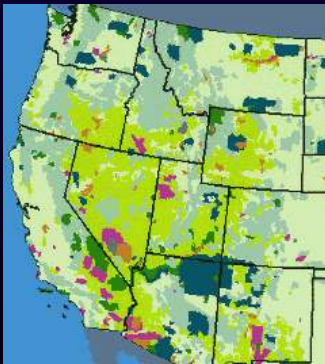


The **APPLE** Initiative



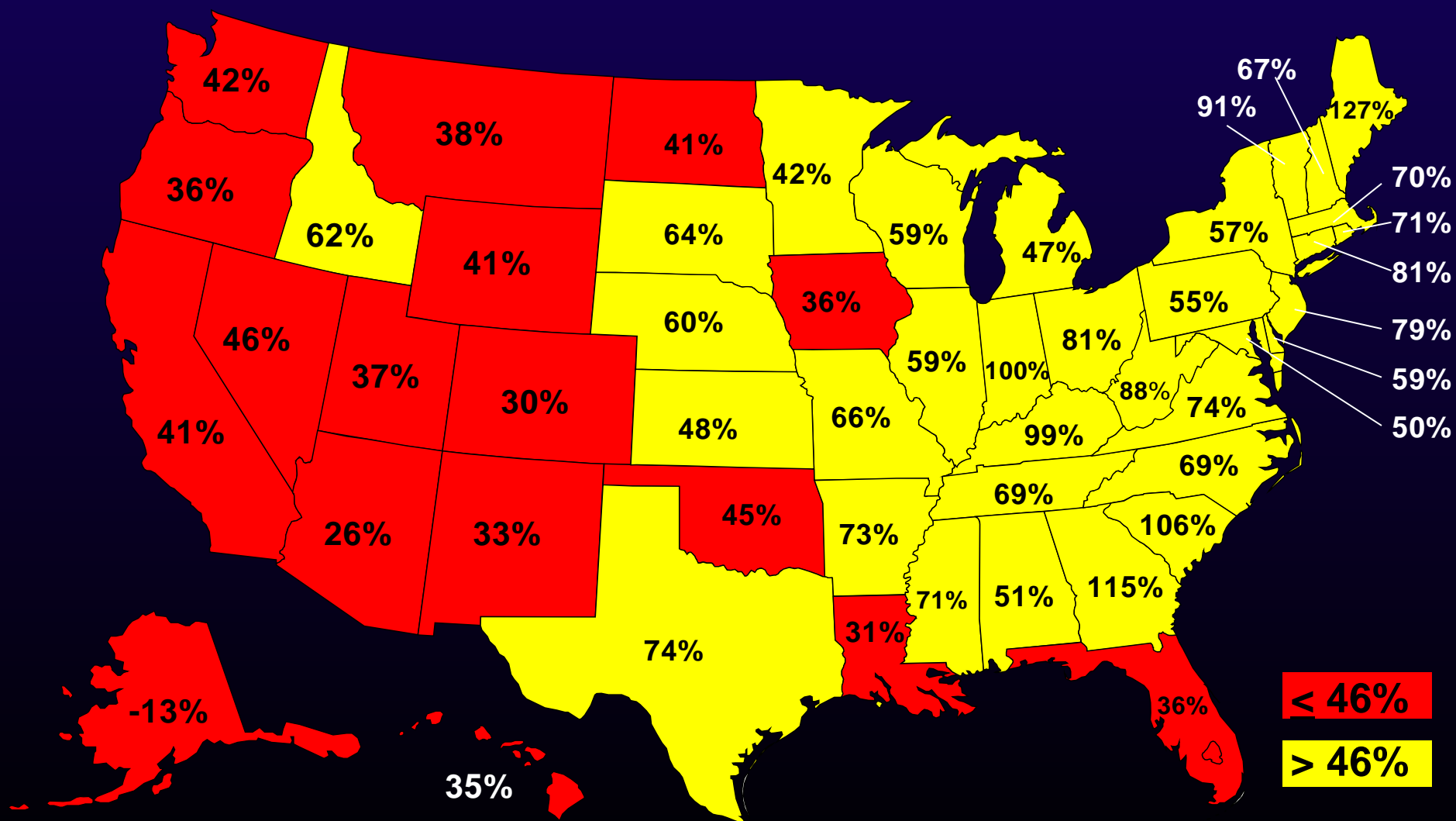
**Action Plan for
Public Lands &
Education**



The West's Education Paradox

-
- P Western states, as a group, are falling behind in education funding when measured in growth of real per pupil expenditures from 1981-2001.**
 - P 12 of the 17 states with the lowest real growth in per pupil expenditures are western states.**
-

Percent Change in Expenditures Per Pupil 1981-2001

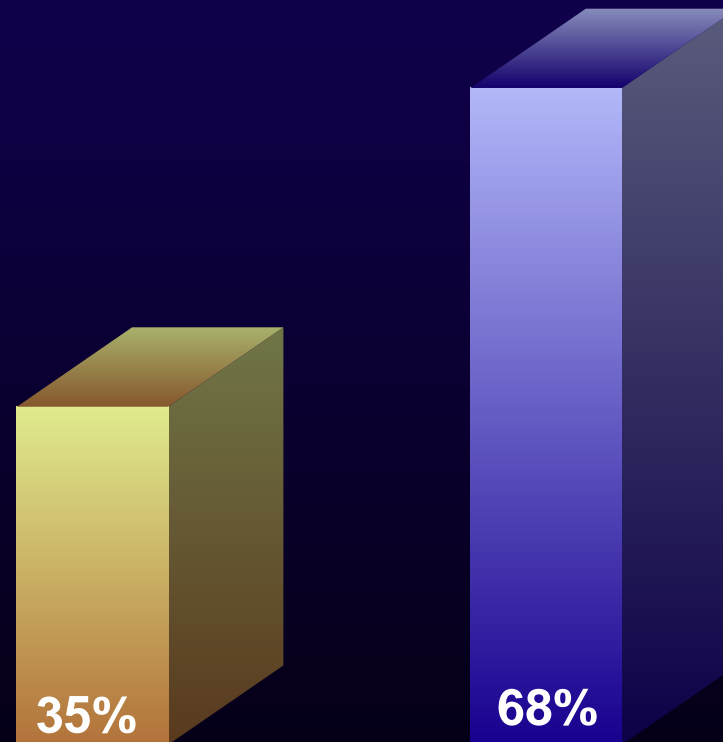




Note: calculations use constant dollars

Source: U.S. Department of Education, National Center for Education Statistics

P The growth rate of real per pupil expenditures in the 13 western states from 1981-2001 is about half (35% vs 68%) of that in the 37 other states.

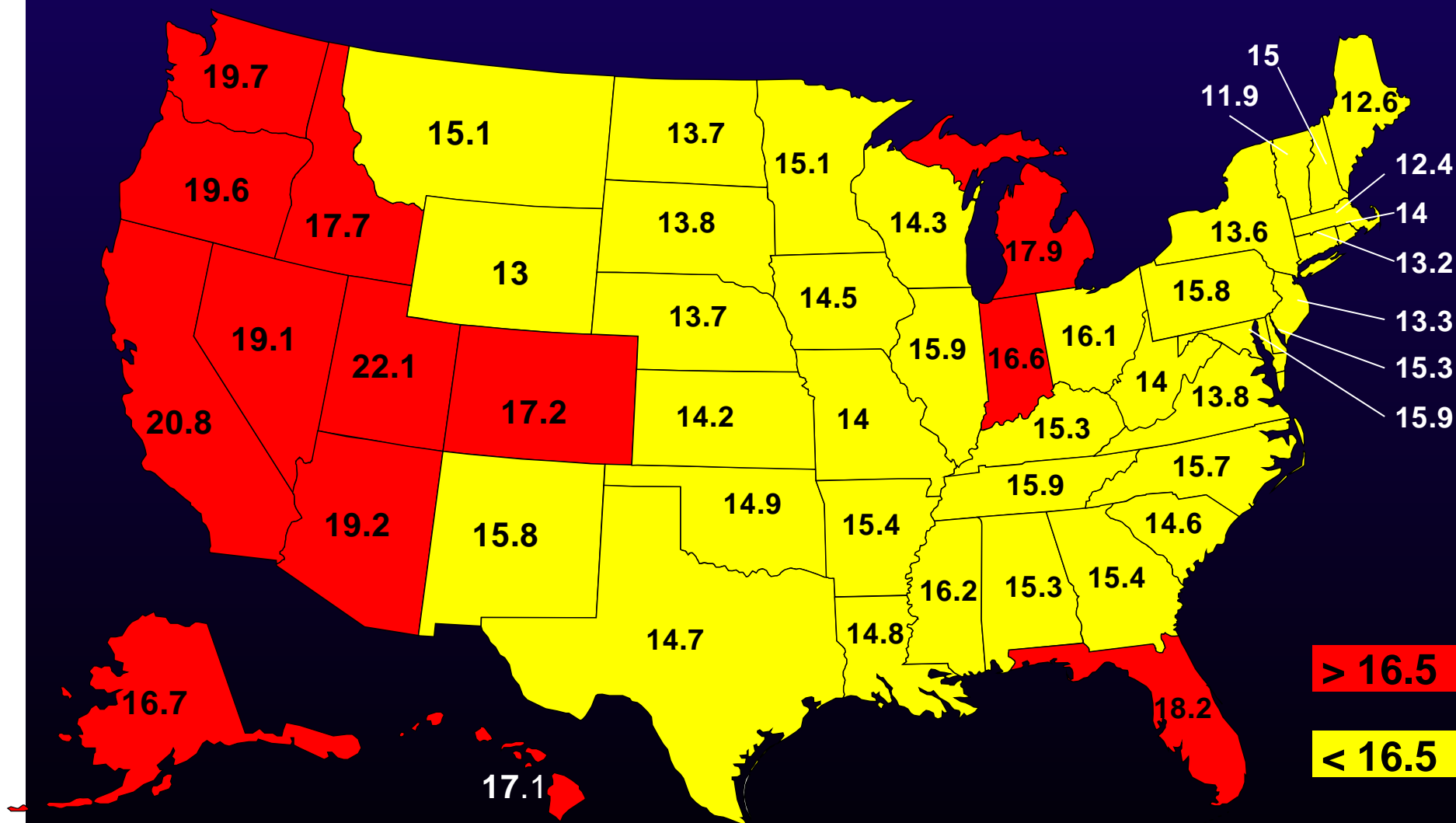
Percent Change in Expenditures Per Pupil 1981-2001



 13 Western States Average
 37 Other States Average

-
- P One effect of less funding for public education in the west is higher pupil per teacher ratios.**
 - P 10 of the 12 states with the largest per pupil ratios are western states.**
-

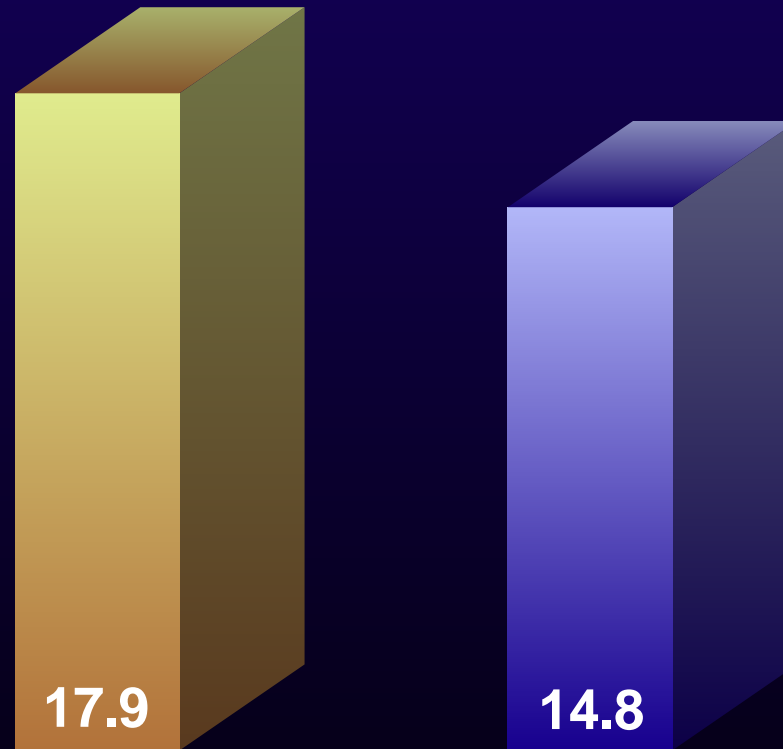
Pupil Per Teacher Ratio 2000-01



Source: U.S. Department of Education, National Center for Education Statistics

P On average, the 13 western states have 3 more students per classroom than the 37 other states.

Pupil Per Teacher Ratio 2000-01

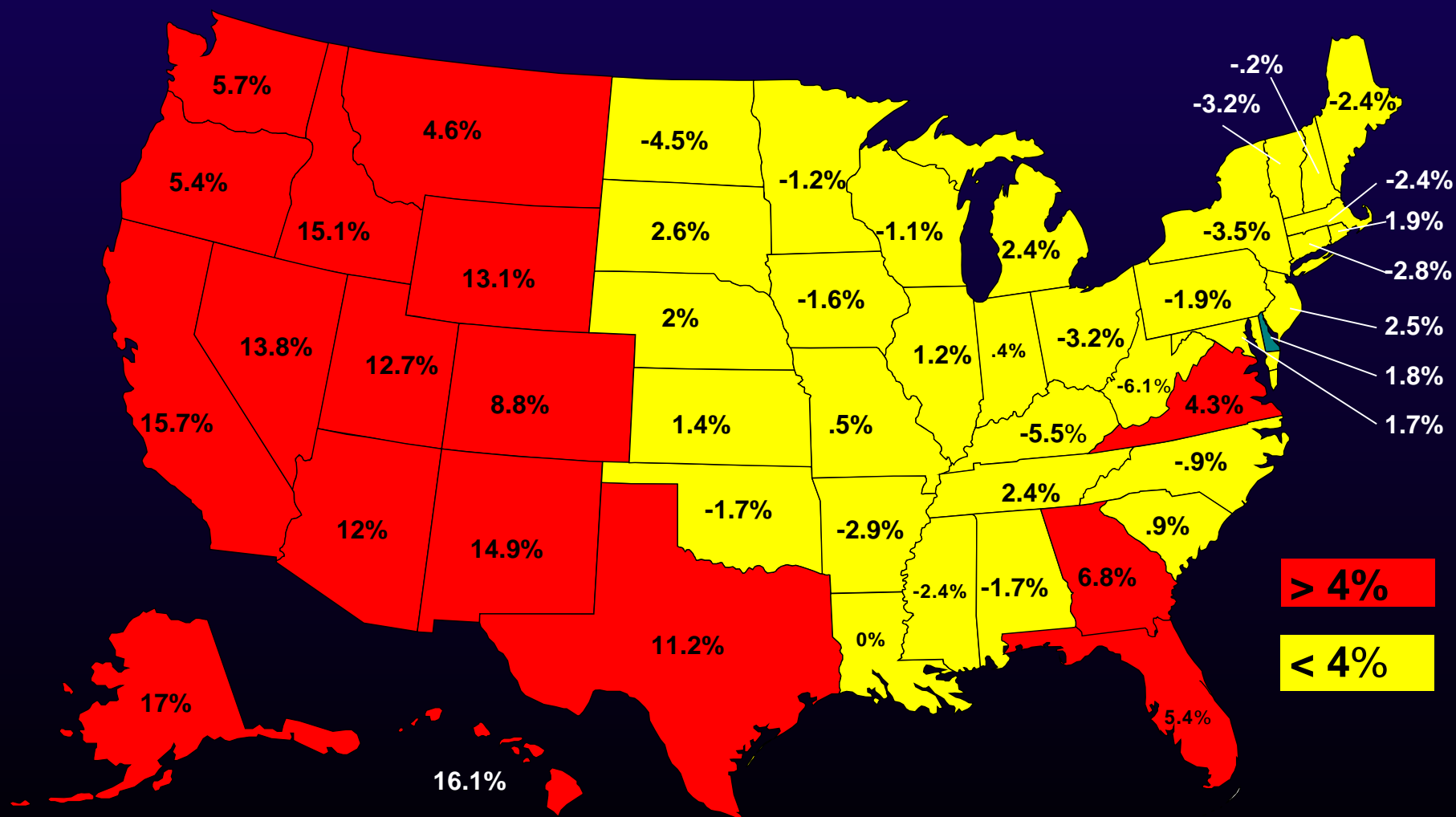


13 Western States Average

37 Other States Average

P To make matters worse enrollment is projected to be much higher in western states than in other states.

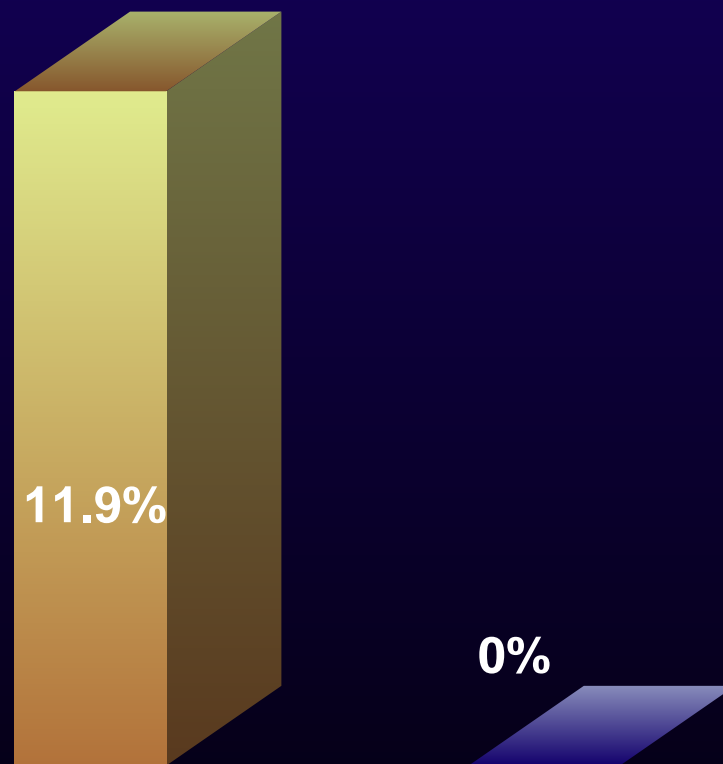
Percent Change In Projected Enrollment 2001-2013



Source: U.S. Department of Education, National Center for Education Statistics

P On average, western states enrollment growth is projected to increase dramatically while the other states projected growth rate is zero.

Percent Change In Projected Enrollment 2001-2013



13 Western States Average

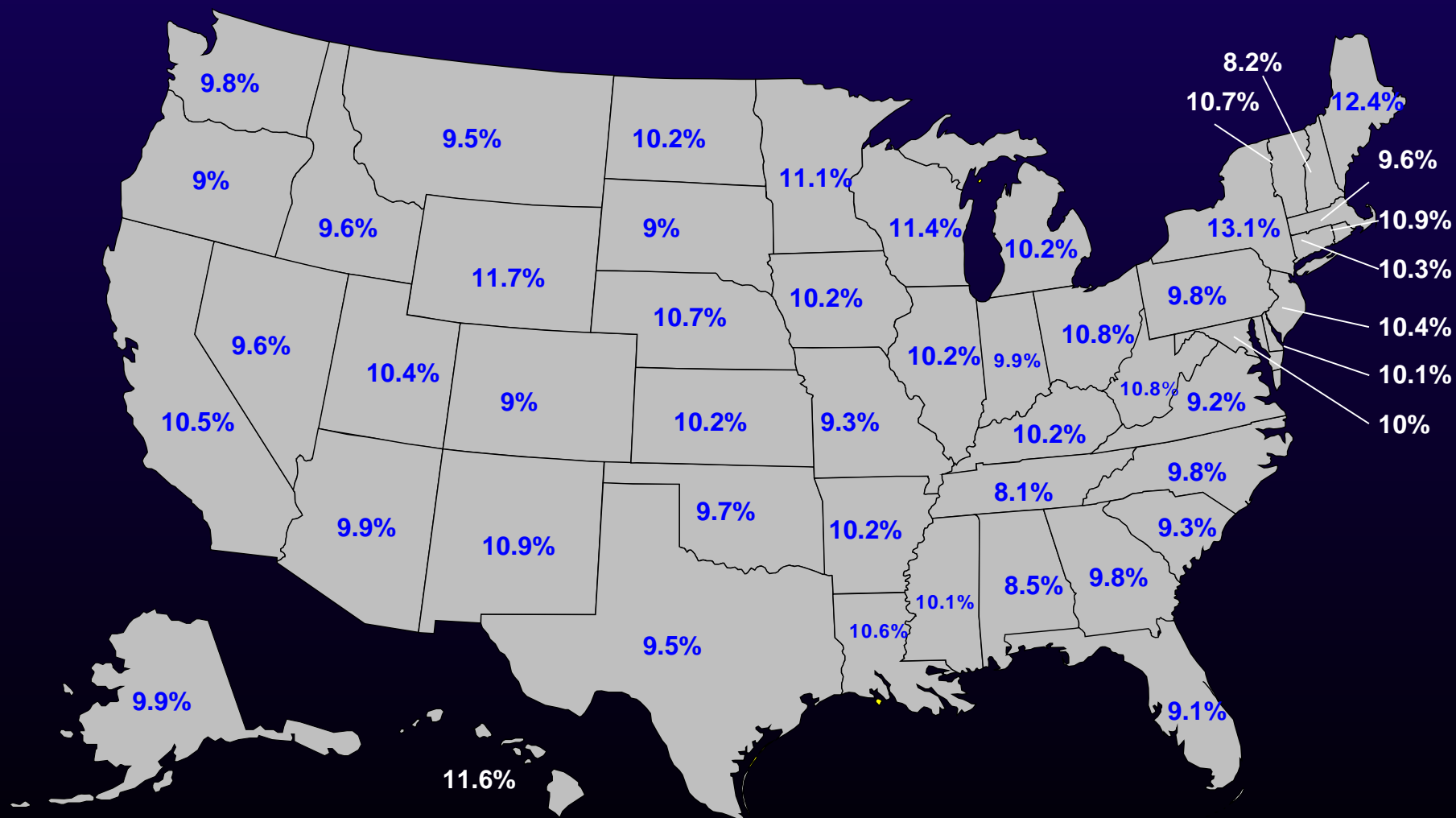
37 Other States Average

P Why do western states have:

- ▶ higher pupil per teacher ratios; and
- ▶ lower real growth in per pupil expenditures?

P Is it because western states tax less than other states?

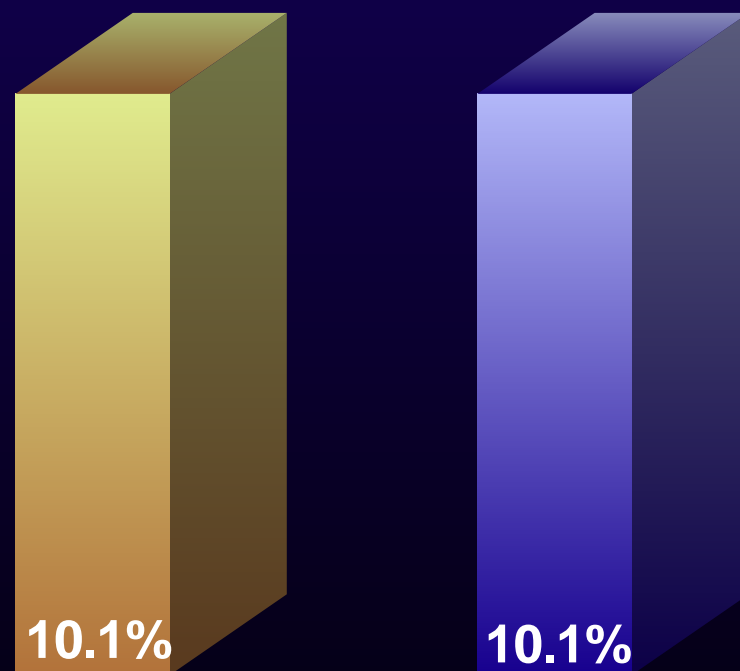
State and Local Taxes As A Percent of Personal Income 2002



Sources: Bureau of the Census & Bureau of Economic Analysis

P Western states' state and local taxes as a percent of personal income are as high as other states.

State and Local Taxes As A Percent of Personal Income 2002

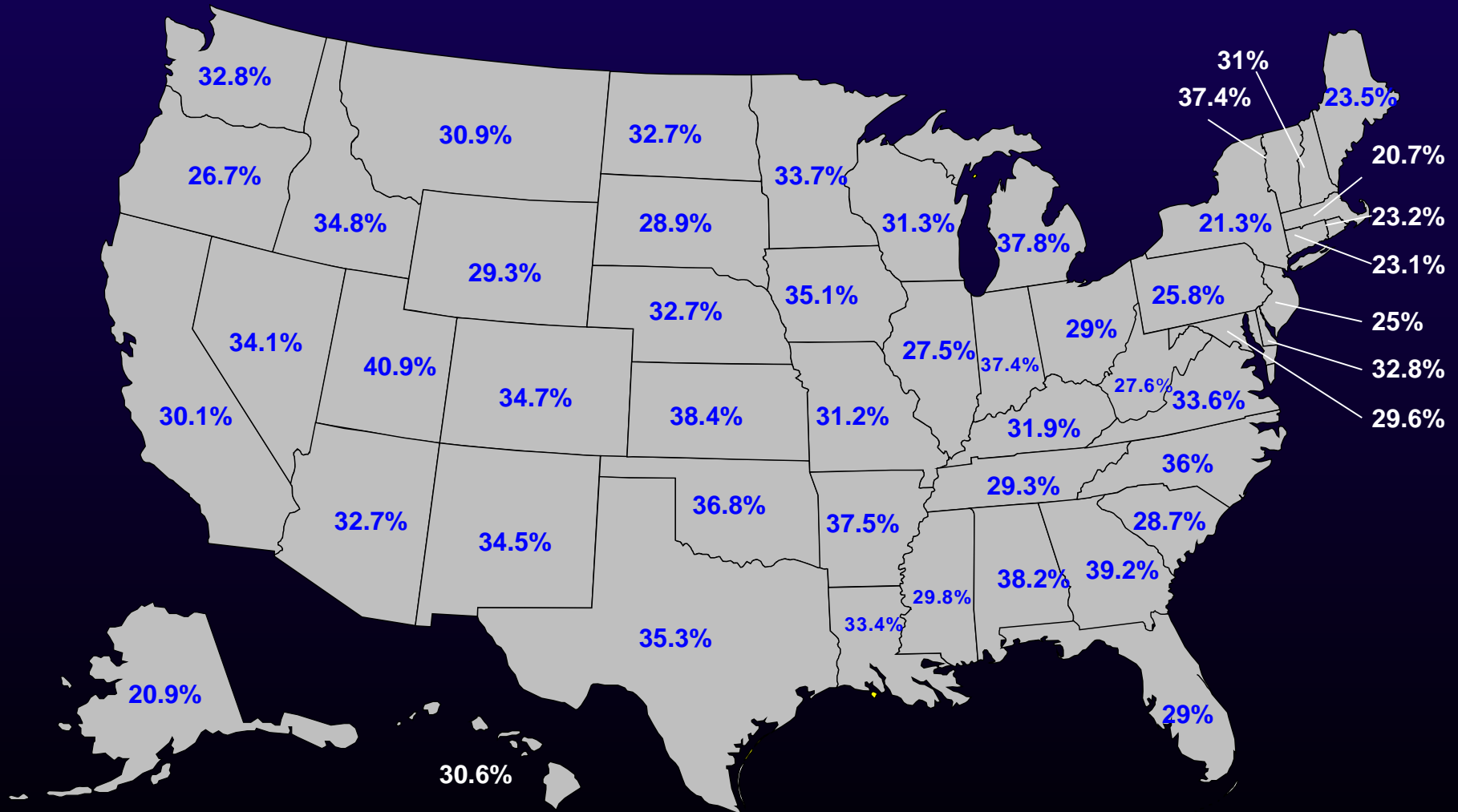


13 Western States Average

37 Other States Average

P Is a smaller percentage of western state budgets being appropriated to education?

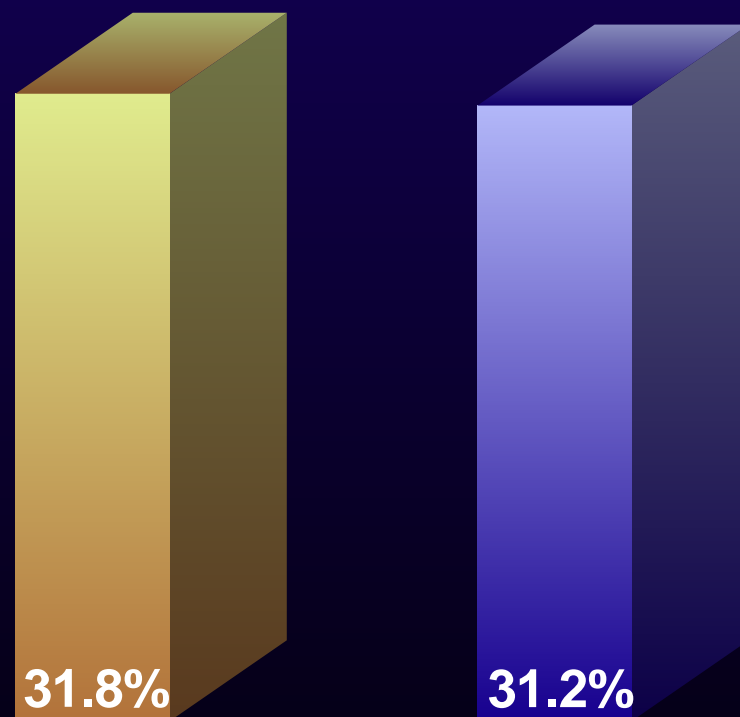
Percent of State Expenditures Allocated To Education 2003



Source: Census Bureau - State Government Finance 2003

P Western states' commitment to education is as high as that of other states.

Percent of State Expenditures Allocated To Education 2003



13 Western States Average

37 Other States Average



Summary Of The West's Education Paradox

P Despite the fact that western states:

- ▶ tax at a comparable rate
- ▶ allocate as much of their budgets to public education

P Western states nevertheless:

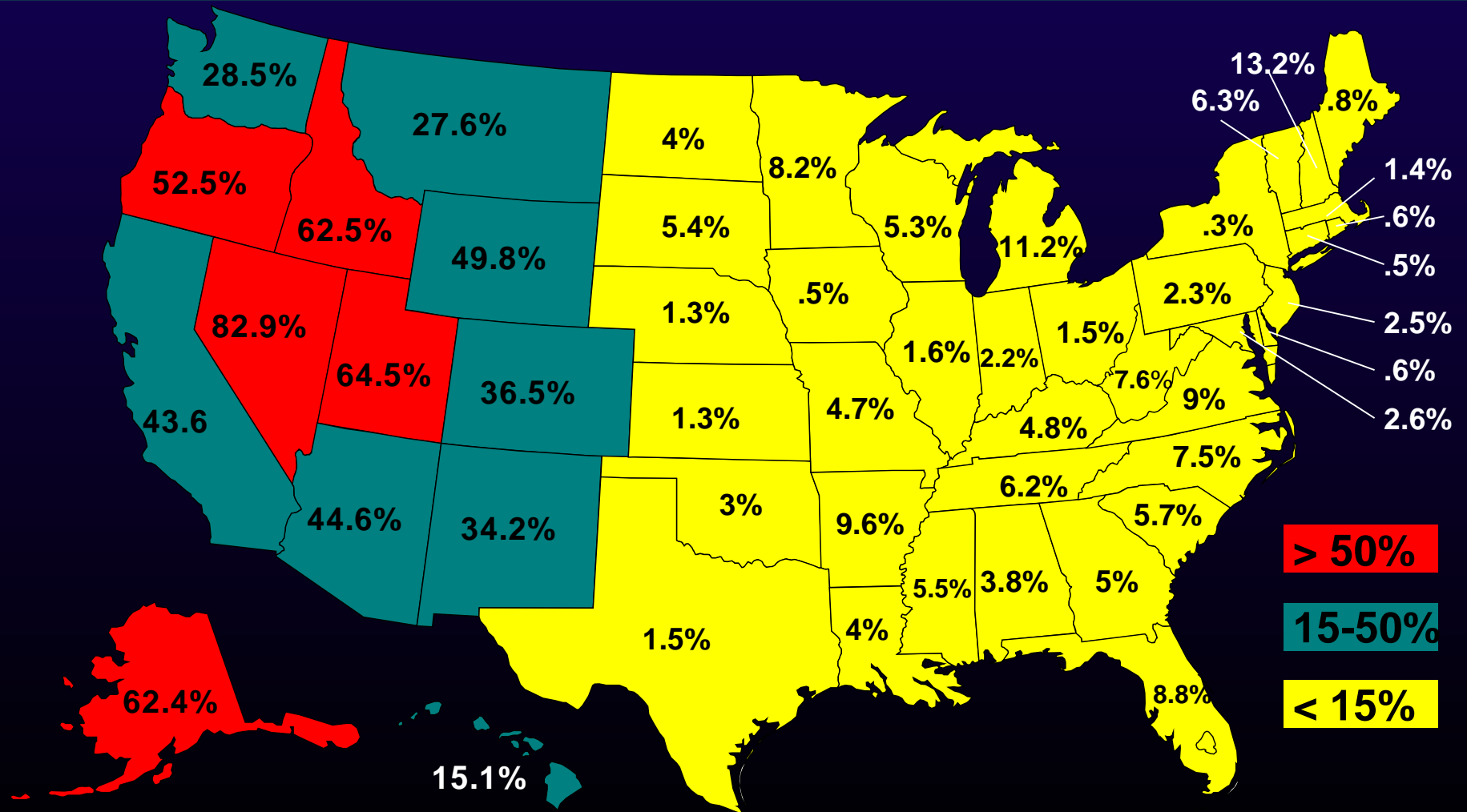
- ▶ have higher pupil per teacher ratios
- ▶ have lower real growth in per pupil expenditures

P And are projected to have higher enrollment

Why?

-
- P The problem lies at the feet of the federal government and the enormous amount of land it owns in western states.**
 - P No state east of an imaginary vertical line from Montana to New Mexico has more than 14% of its land federally owned.**
 - P No state west of that imaginary line has less than 27% of its land federally owned (with the exception of Hawaii).**
 - P 4 western states have more than 62% of their land federally owned (Alaska, Idaho, Nevada, & Utah).**
-

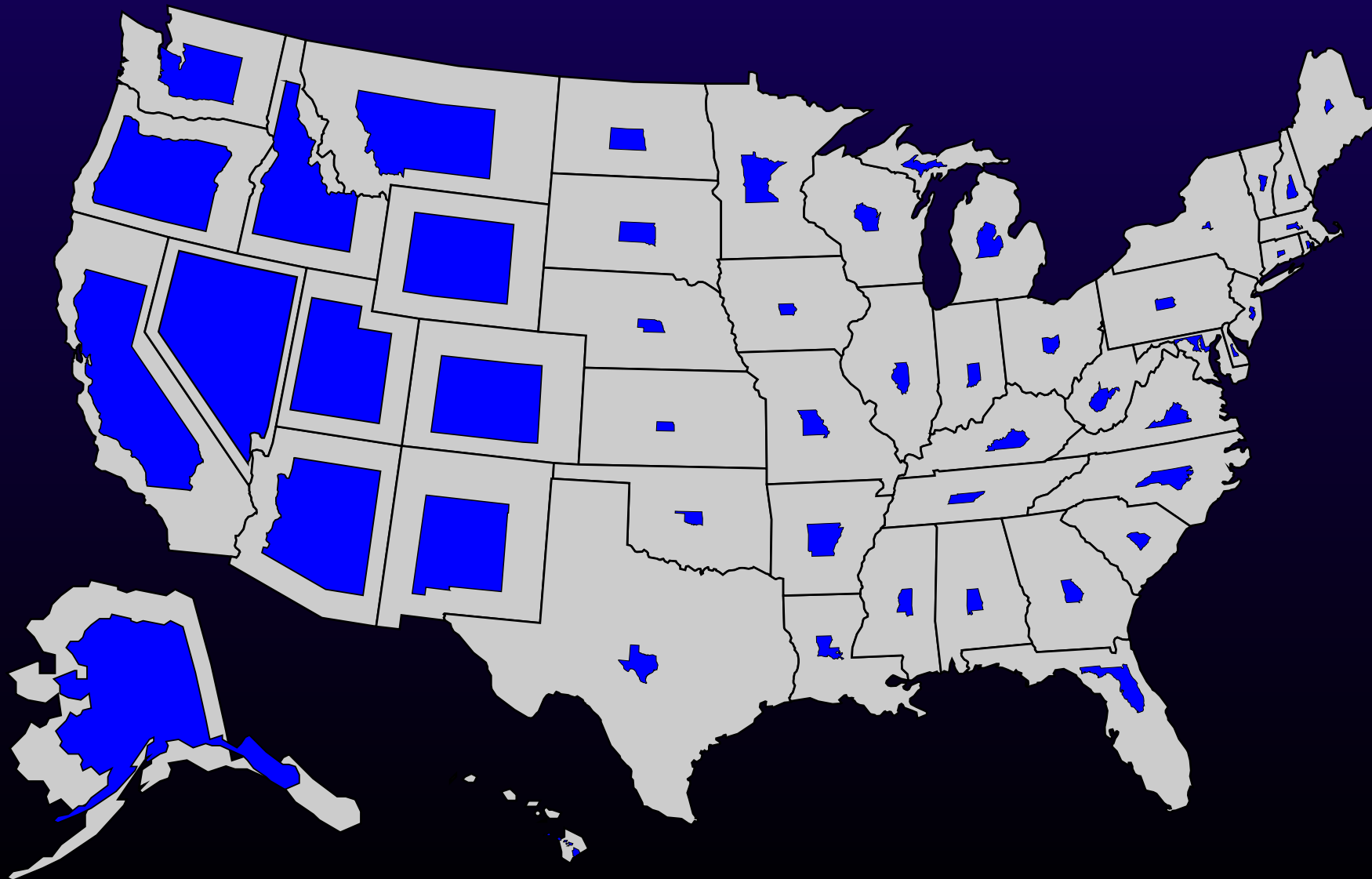
The Problem: High Percent of Federal Land Ownership In The West



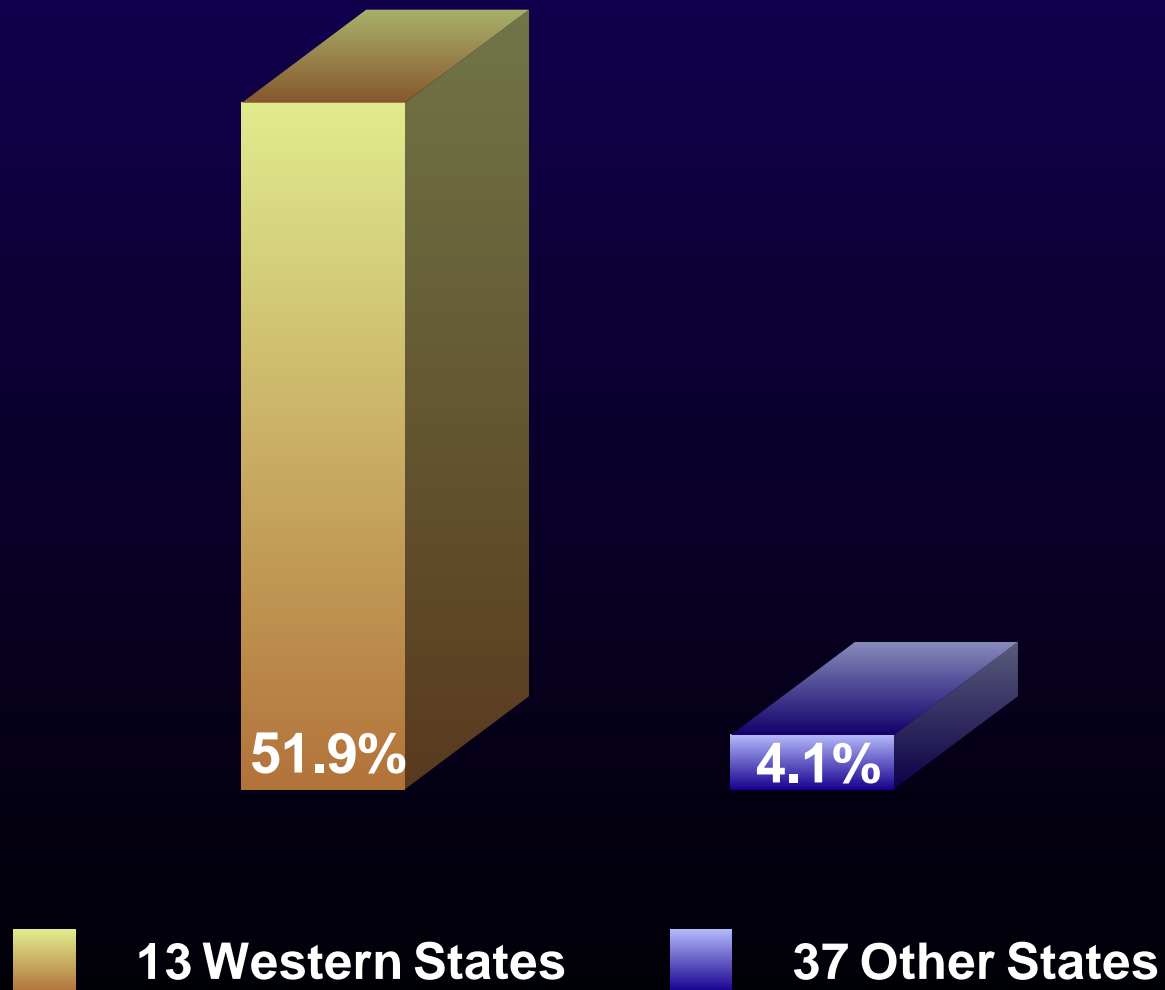
Source: U.S. Dept. of the Interior, Bureau of Land Management. Public Land Statistics 2000

P This can also be shown pictorially

Federal Land Ownership

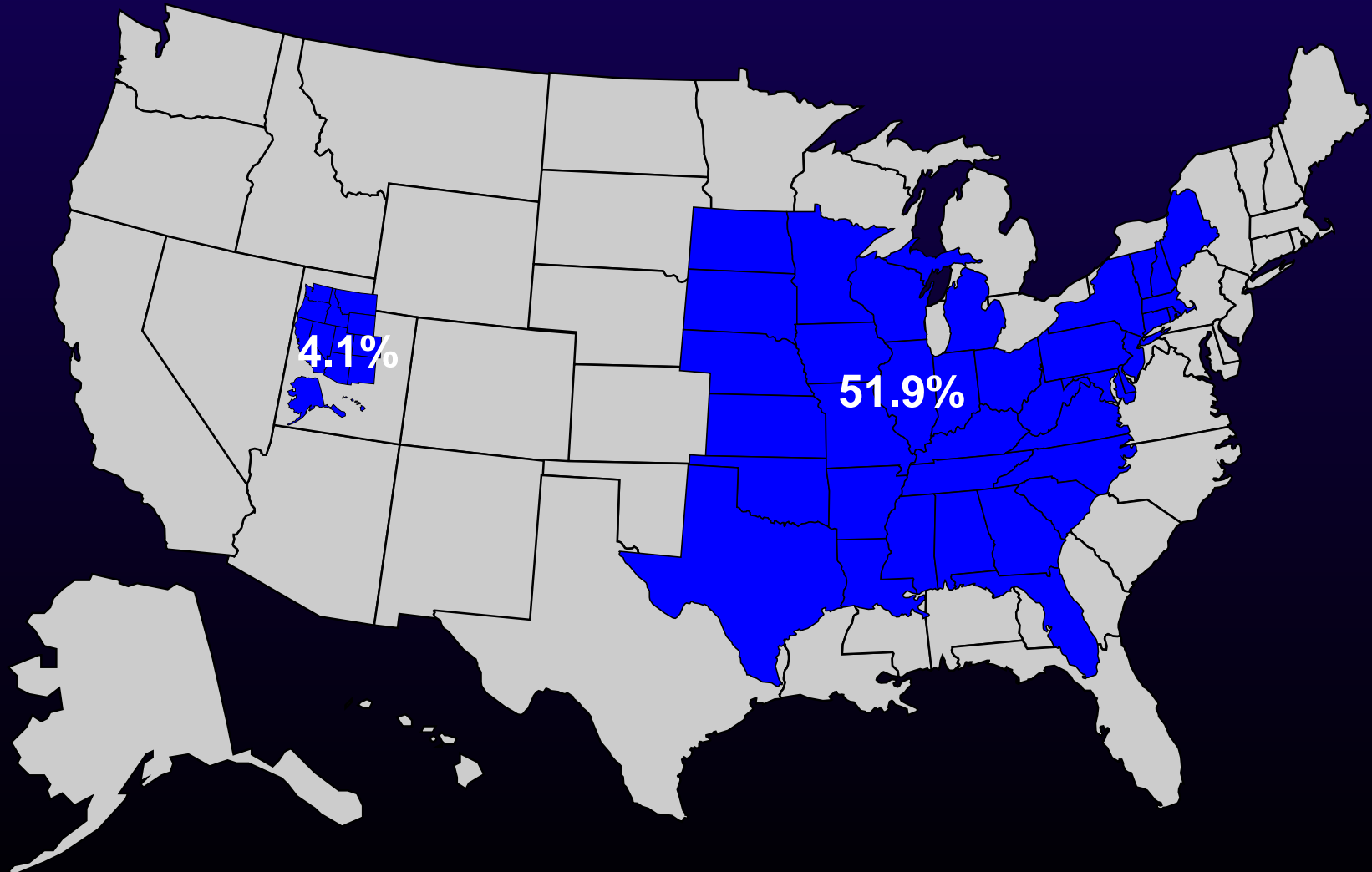


Percent Of Federal Land Ownership



**P What if the situation were reversed
(i.e. if 4.1% of the 13 western states
were federally owned and 51.9% of the
37 other states were federally owned)?**

Percent Of Federal Land Ownership - Reversed



P How does federal land ownership affect western states' ability to fund public education?



Federal Land Ownership Affects Western States' Ability To Fund Public Education in Four Main Ways

- P Enabling Acts**
- P Property Taxes**
- P Natural Resources
Royalty Revenues**
- P School Trust Lands**

Enabling Acts



P A state enabling act is a congressional act that admits a state into the Union and outlines the agreements related to admission

P Most western states' enabling acts promise 5% of the proceeds from the sale of federal land to the state for public education

P Federal government has abandoned its original policy to dispose of public lands

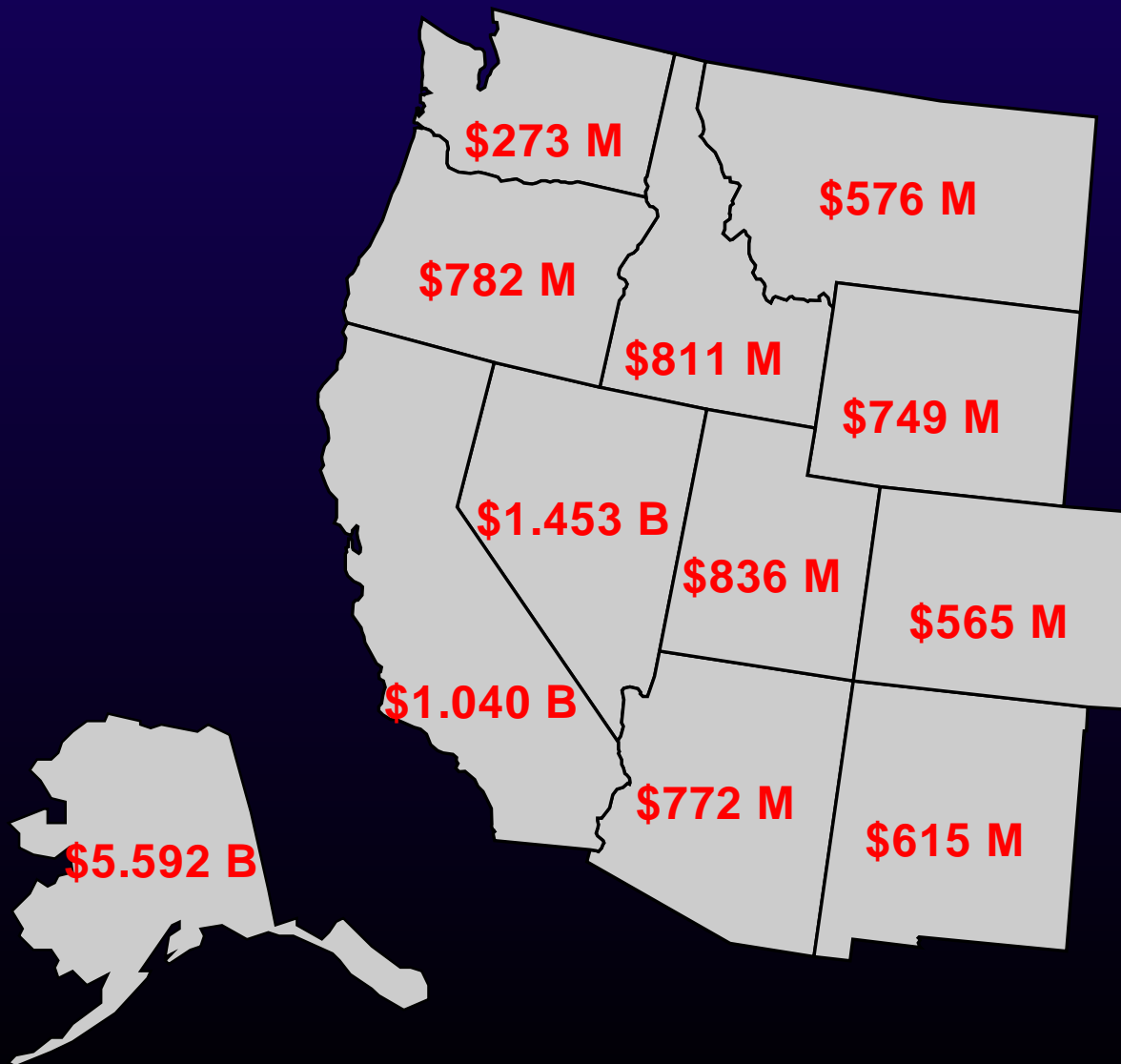
Estimated Impact on Western States: \$14,063,147,035

P The estimated impact assumes that the:

- ▶ **federal government maintained its policy to sell federal lands and, as a result, the percent of federal land ownership in western states is equal to the average of that in the other states (4.1%); and**
 - ▶ **land is sold at \$525 per acre (the average value of similar land sold in Utah in the last 5 years)**
-

P How much is each state impacted?

5% State Revenue From Sale Of Land



Property Taxes



- P States cannot assess property tax on federal lands
- P Public education relies heavily on state and local property tax revenues
- P Federal government has abandoned its original policy to dispose of public lands

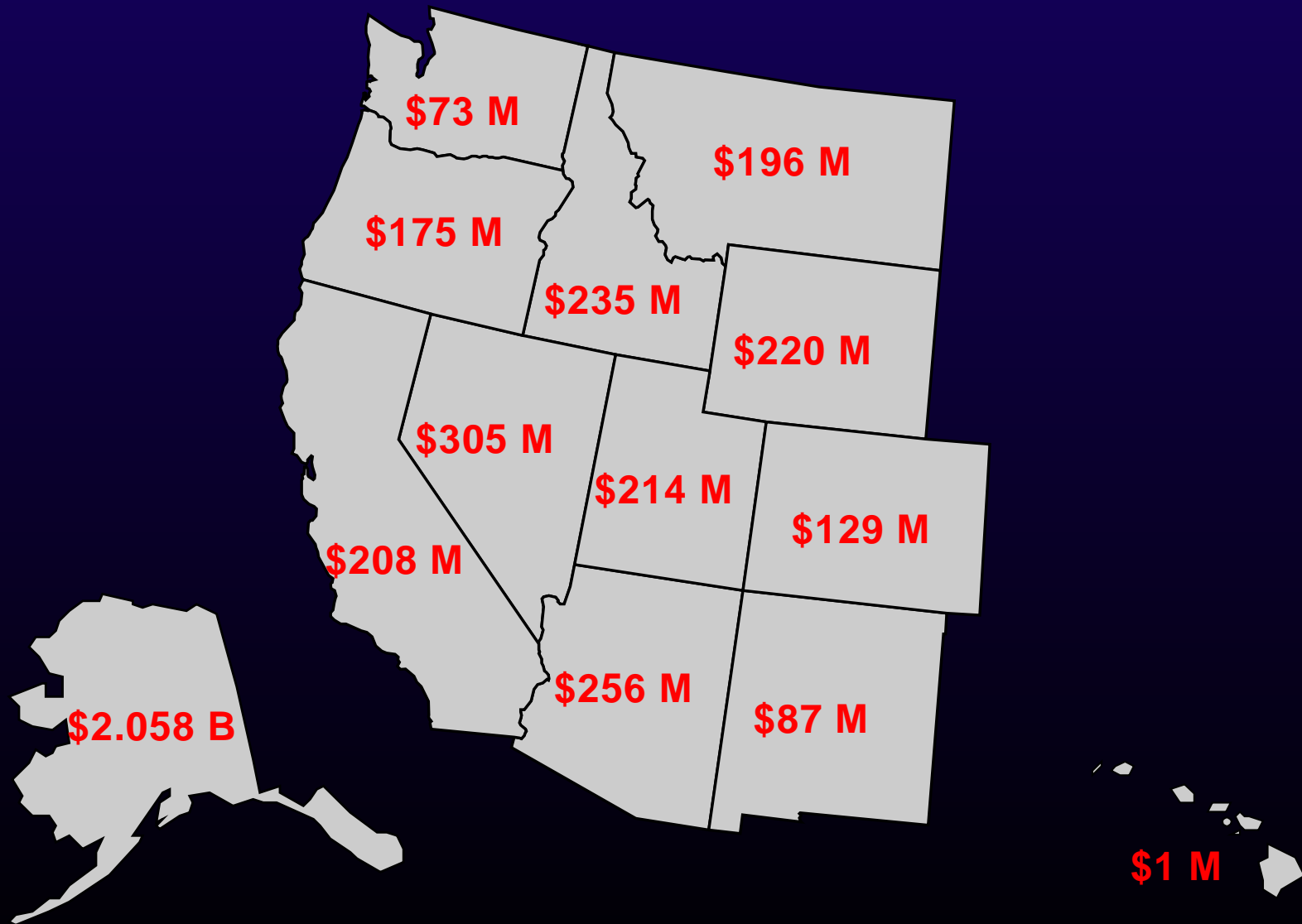
Estimated Annual Impact on Western States: \$4,157,803,825

P The estimated impact is calculated assuming:

- ▶ **4.1% federal land ownership in western states;**
- ▶ **the effective tax rate for each state; and**
- ▶ **land valued at \$525 per acre.**

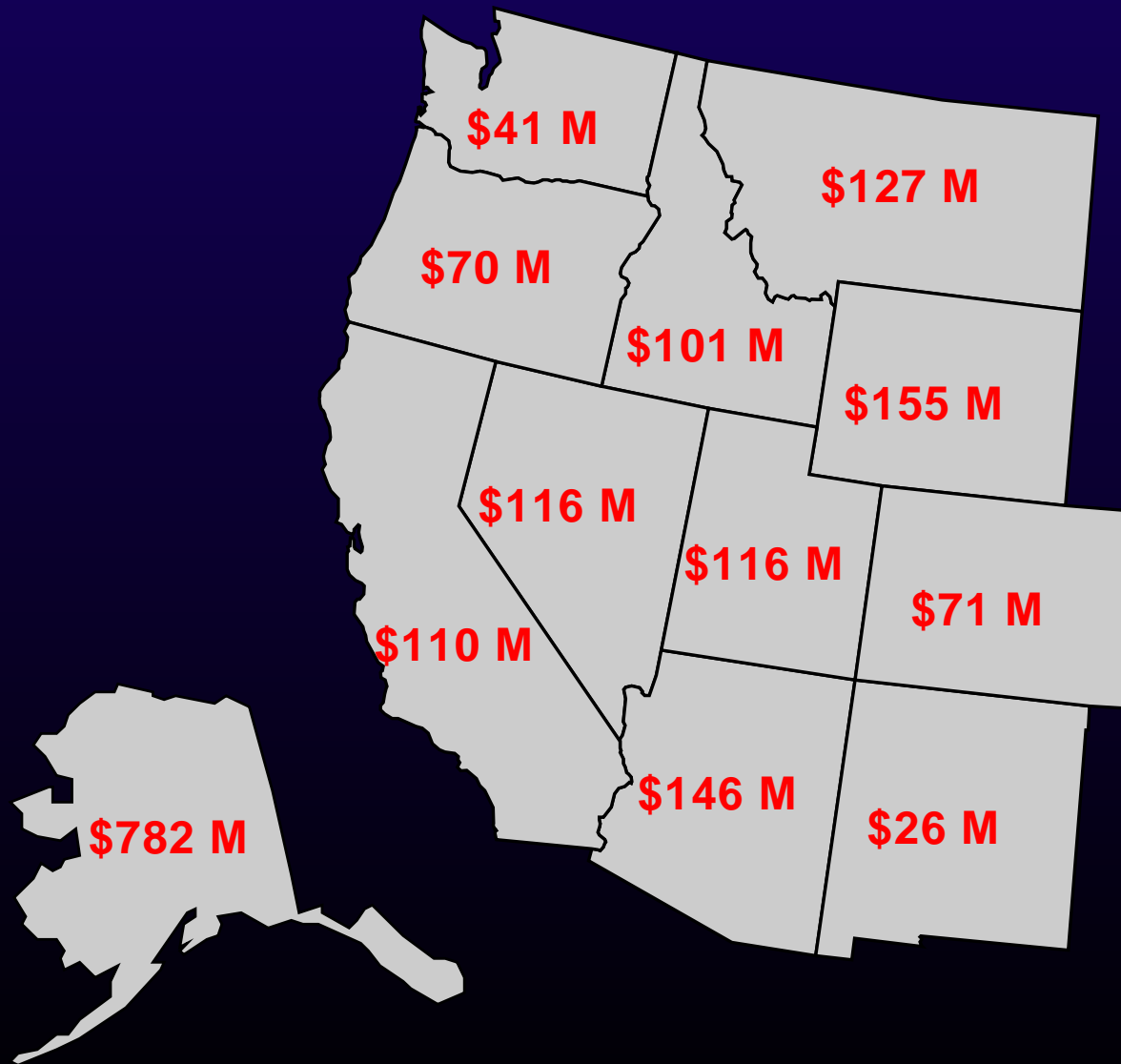
P How much is each state impacted?

Annual Property Tax Revenue Lost



P What is the impact on education in each state?

Annual Property Tax Loss To Public Education



-
- P The federal government does provide “Payments in Lieu of Taxes” (PILT) since states cannot tax federal lands.**
 - P However, the amount of PILT payments to western states in FY 2004 was only about 4% of the annual property tax revenue lost by western states.**
-

Federal PILT Payments Compared To Annual Property Tax Revenue Lost

13 Western States



Annual Property Tax Revenue Lost



FY 2004 Federal PILT Payments

Natural Resources Royalty Revenues



- P Federal government shares less than half of its royalty revenue with the states
- P Federal laws often attach “strings” to where the states’ royalty payments go
- P Federal lands are less likely to be developed, further reducing royalties to the states

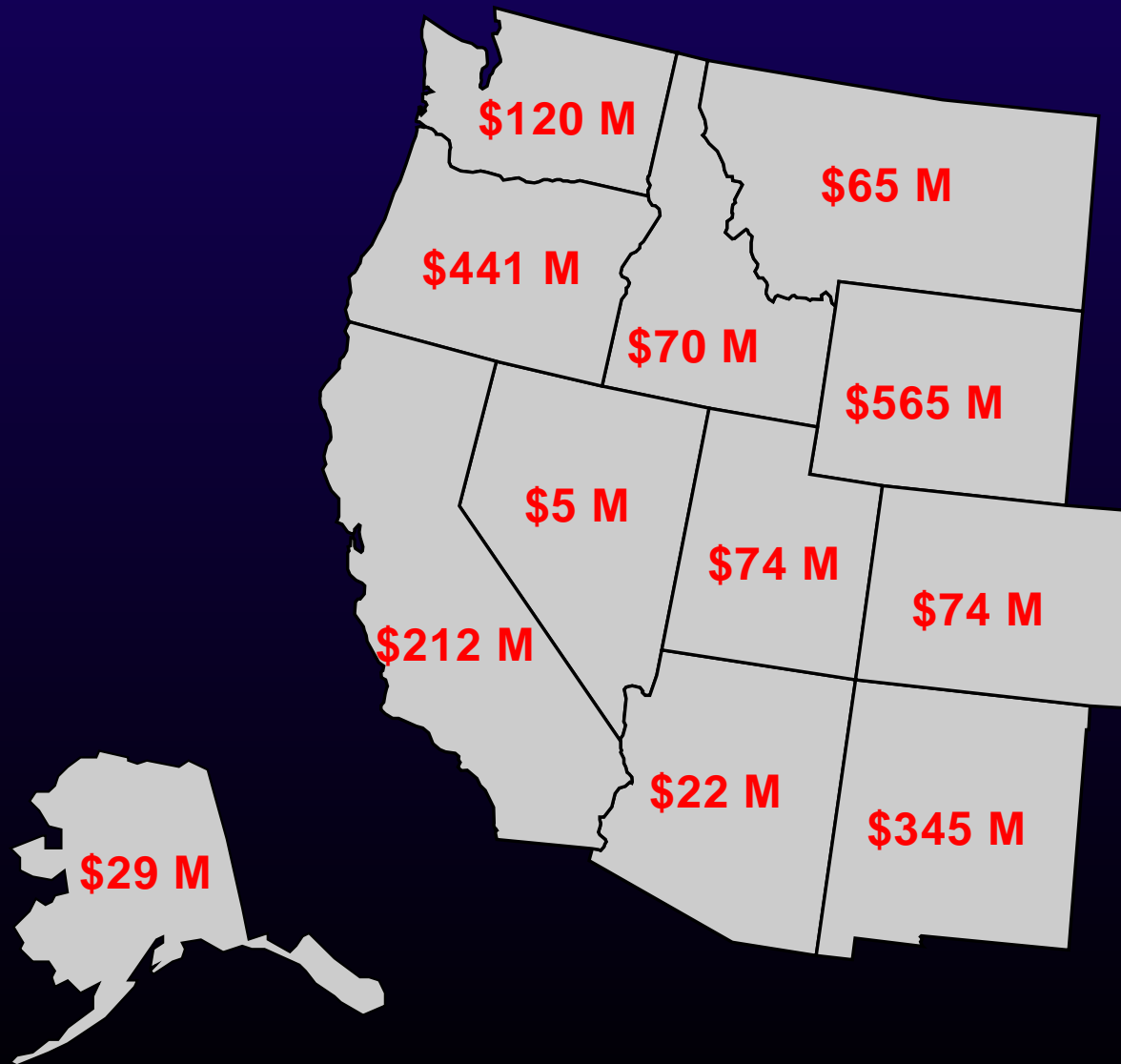
Estimated Annual Impact on Western States: \$ 2,021,166,590

P The estimated impact assumes:

- ▶ **4.1% federal land ownership in western states;**
 - ▶ **state implementation of rent and royalty programs equivalent to current federal programs; and**
 - ▶ **states retain all royalty revenue.**
-

P How much is each state impacted?

Annual Rent And Royalty Revenue Lost



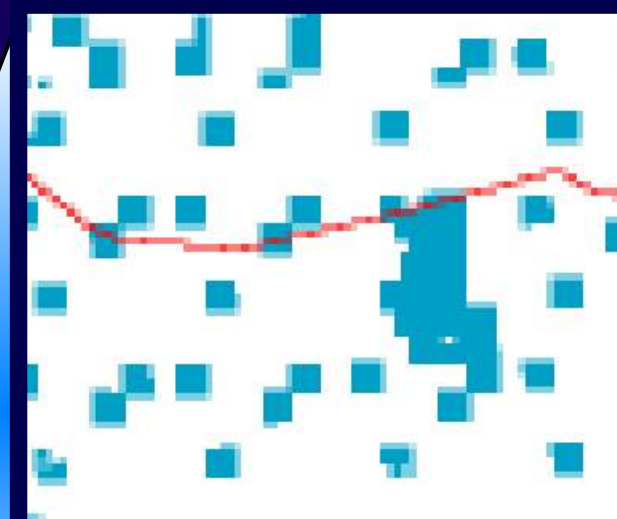
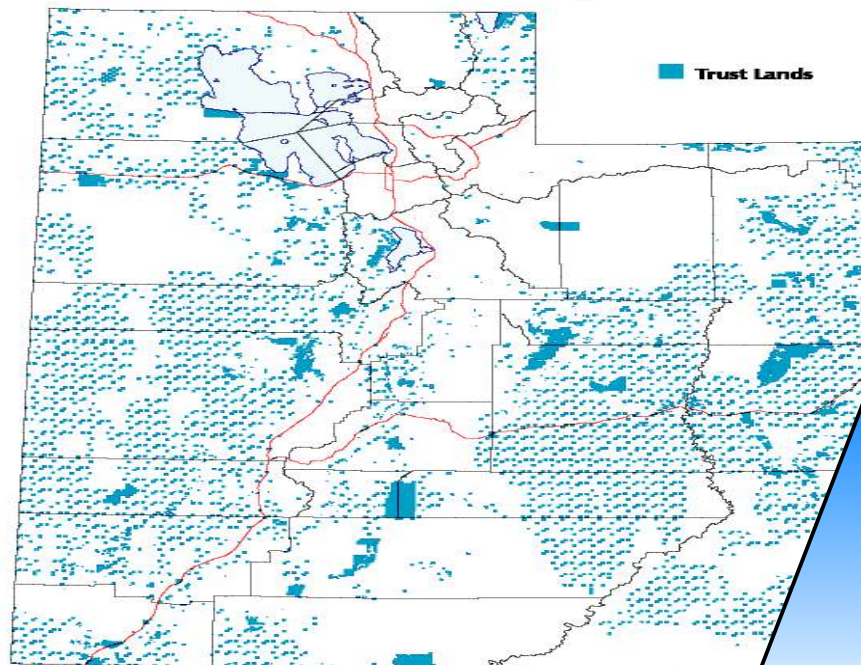
School Trust Lands



- P At statehood, the federal government transferred ownership of specified parcels of land to the states as a trust for public education
- P Much of this trust land is difficult to administer and make productive because it is surrounded by federal land

-
- P Many school trust lands are scattered as shown by the blue squares on the following map of Utah.**
 - P Nearly all other western states are experiencing the same problem.**
-

**Utah School and Institutional Trust Lands Administration
Surface Ownership**



P In summary, western states are financially harmed in a significant way by federal land ownership.

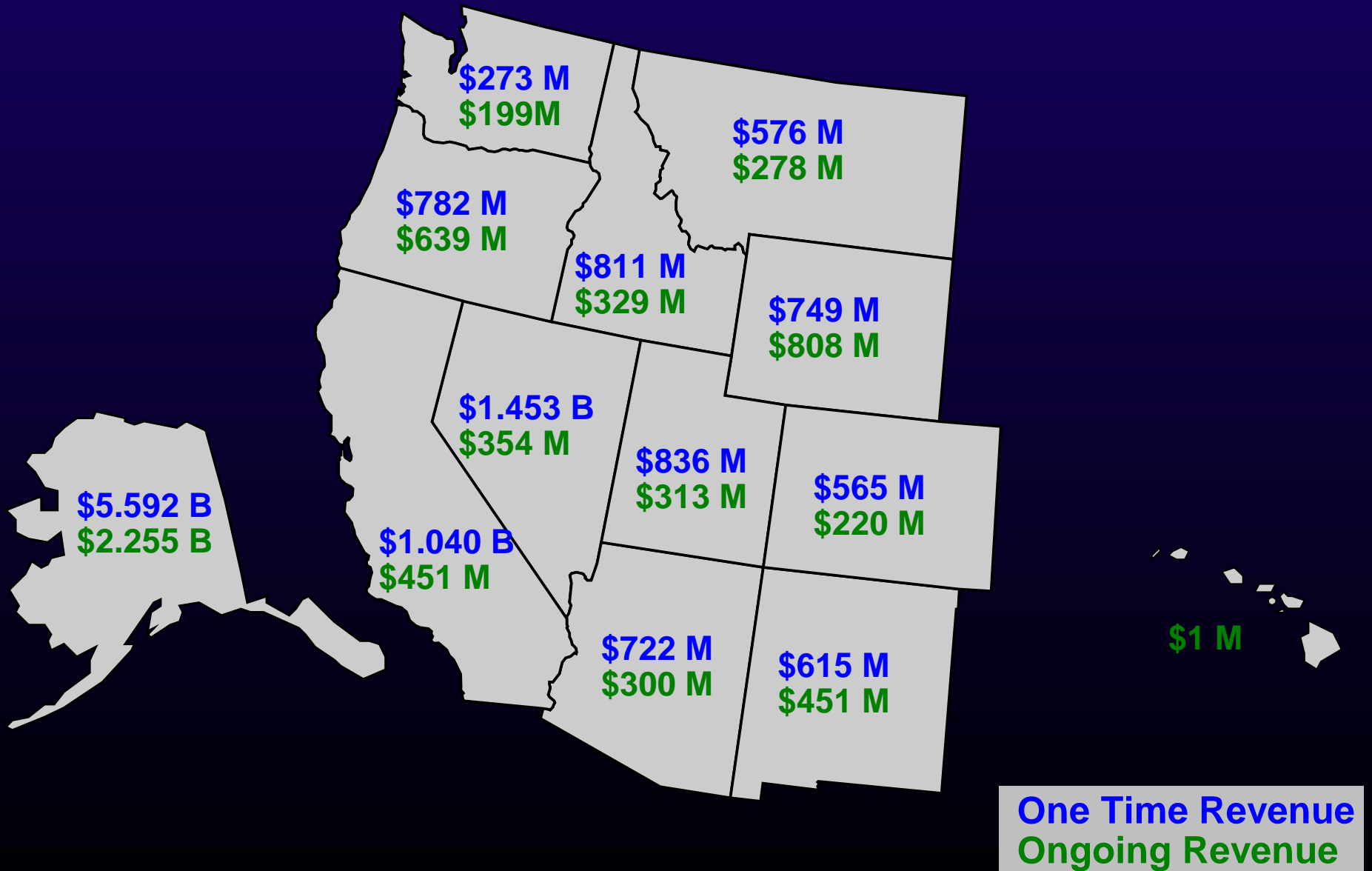
Summary of Estimated Impacts On Western States

	<u>One Time</u>	<u>Ongoing</u>
Enabling Acts Revenue	\$14,063,147,035	\$ 421,894,411*
Property Taxes		\$ 4,157,803,825
Natural Resources Royalty Revenue		\$ 2,021,166,59
Total Estimated Impact:	\$14,063,147,035	\$ 6,600,864,826

* 3% of one time revenue

**P How much is each state impacted overall ?
(exclusive of the school trust lands consolidation
problem)**

Summary of Estimated Impacts



Conclusion

**Federal Land Ownership
Hinders Western States'
Ability To Fund Public
Education**

The Solution:

The **APPLE** Initiative

Action **P**lan for

Public **L**ands & **E**ducation



Action Plan for Public Lands & Education

- P Create Federal Government Awareness**
 - P Educate The Public**
 - P Build A Western States Coalition**
 - P Encourage Federal Agencies To Develop
Cooperative Federal Land / Trust Land
Exchanges**
 - P Petition Congress To Compensate Western
States Accordingly**
-



What Can We Do About It?

Build A Western States Coalition

- P Members of Congress
- P State & Local Officials
- P Western Governmental Associations
- P Education Community
- P Environmental Groups
- P Local Federal Land Managers

Contact Information

P APPLE Initiative - Council of State Government-WEST

- ▶ Co-chair Senator Kate Brown - Oregon State Senate Majority Leader
 - Phone (503) 986-1700 Fax (503) 986-1080 Email: sen.katebrown@state.or.us
 - Staff Contact for Senator Kate Brown: Ms. Carol Suzuki - email: carol.suzuki@state.or.us
- ▶ Co-chair Assemblyman Lynn Hettrick, Assembly Minority Floor Leader - Nevada State Assembly
 - Phone (775) 265-4473 Fax (775) 265-2680 Email: lhettrick@asm.state.nv.us
- ▶ Kent Briggs - Executive Director, Council of State Government-WEST
 - Phone (916) 553-4423 Fax (916) 446-5760 Email kbriggs@csg.org

P Additonal Contacts

- ▶ Senator Thomas Hatch - Utah State Senate
 - Phone (801) 538-1035 Fax (801) 326-1475 Email thatch@utahsenate.org
- ▶ Representative Stephen Urquhart, Majority Whip - Utah State House of Representatives
 - Phone (801) 538-1029 Fax (801) 538-1908 Email surquhart@utah.gov